

**CARTHAGE SCHOOL DISTRICT NO. 48-2**

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE TWO YEARS ENDED**

**JUNE 30, 2009**

**HARRINGTON & ASSOCIATES, LTD.**  
**CERTIFIED PUBLIC ACCOUNTANT**

CARTHAGE SCHOOL DISTRICT NO. 48-2  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2009

Board Members:

Dawn Hamilton - President  
Stacey Rowell - Vice President  
Melanie Hamilton  
Bob Turner  
Denise Pederson

Superintendent:

Lori Wehlander

Business Manager:

JoAnn Windedahl

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# HARRINGTON & ASSOCIATES, LTD.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

School Board  
Carthage School District No. 48-2  
Miner County, South Dakota

We have audited the financial statements of the governmental activities, and each major fund of Carthage School District No. 48-2, Miner County, South Dakota, as of June 30, 2009 and for each of the years in the biennial period then ended, which collectively comprise Carthage School District No. 48-2's basic financial statements and have issued our report thereon dated July 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carthage School District No. 48-2's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School District's financial statements that is more than inconsequential will not be prevented or detected by the School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carthage School District No. 48-2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the South Dakota Legislature, state and granting agencies, and the governing board and management of the Carthage School District No. 48-2 and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

*Harrington & Associates, P.C.*

Huron, South Dakota  
July 26, 2010

CARTHAGE SCHOOL DISTRICT NO. 48-2  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE TWO YEARS ENDED JUNE 30, 2009

PRIOR OTHER AUDIT FINDINGS:

There are no prior written other audit comments.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE TWO YEARS ENDED JUNE 30, 2009

CURRENT OTHER AUDIT FINDINGS:

There are no written current other audit findings to report.

CLOSING CONFERENCE

The closing conference was held on July 26, 2010 with Lori Wehlander, Superintendent.



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### INDEPENDENT AUDITOR'S REPORT

School Board  
Carthage School District No. 48-2  
Miner County, South Dakota

We have audited the accompanying financial statements of the governmental activities, and each major fund of Carthage School District No. 48-2, Miner County, South Dakota, as of June 30, 2009 and for each of the years in the biennial period then ended, which collectively comprise Carthage School District No. 48-2's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of Carthage School District No. 48-2's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 7 to the financial statements, the governing board and the voters of the Carthage School District No. 48-2 approved a plan of liquidation effective June 30, 2009. As a result, the Carthage School District No. 48-2 has changed its basis of accounting from the going-concern basis to a liquidation basis.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund and the aggregate remaining fund information of Carthage School District No. 48-2 as of and for the two years ending June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated July 26, 2010 on our consideration of Carthage School District No. 48-2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control

over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and, should be considered in assessing the results of our audit.

The Budgetary Comparison Schedules on pages 32 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The School District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Harrington & Associates, LTD.*

Huron, South Dakota

July 26, 2010

CARTHAGE SCHOOL DISTRICT NO. 48-2  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ -
Capital Assets:	
Land	-
Other Capital Assets, Net of Depreciation	-
<b>TOTAL ASSETS</b>	<u>\$ -</u>
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	-
Unrestricted	-
<b>TOTAL NET ASSETS</b>	<u>-</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR	SERVICES
Primary Government:			
Governmental Activities:			
Instruction	\$ 75,872	\$	-
Support Services	110,363		-
Total Governmental Activities	186,235		-
Total Primary Government	\$ 186,235	\$	-

The accompanying notes are an integral part of these financial statements.

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

PROGRAM REVENUES		MARY GOVERNMENT	
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
\$ -	\$ -	\$	(75,872)
-	-	-	(110,363)
-	-	-	(186,235)
\$ -	\$ -	\$	(186,235)

GENERAL REVENUES:

Taxes:	
Property Taxes	\$ 162,072
Gross Receipts Taxes	27,140
Revenue from State Sources:	
State Aid	4,568
Unrestricted Investment Earnings	1,570
Other General Revenues	1,663
Special Items	(327,327)
Total General Revenues	(130,314)
Change in Net Assets	(316,549)
Net Assets-Beginning	316,549
Net Assets-Ending	\$ -

CARTHAGE SCHOOL DISTRICT NO. 48-2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

	GENERAL FUND	CAPITAL OUTLAY FUND
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ -	\$ -
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES:</b>		
Fund Balances:		
Unreserved Fund Balances:		
Undesignated	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

SPECIAL EDUCATION FUND		TOTAL GOVERNMENTAL FUNDS	
\$	-	\$	-
\$	-	\$	-

	-		-
	-		-
\$	-	\$	-

CARTHAGE SCHOOL DISTRICT NO. 48-2  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

Total Fund Balances - Governmental Funds	\$	-
--	----	---

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

The cost of capital assets are	-		
Accumulated depreciation is	-		
Net	-		-

Assets such as taxes receivable (delinquent) are not available to pay for the current period expenditures, and therefore are deferred in the funds.

General Fund receivable	-		
General Fund delinquent	-		
Net	-		-

Capital Outlay Fund delinquent	-		
Net	-		-

Special Education fund receivable	-		
Special Education fund delinquent	-		
Net	-		-

Net Assets-Governmental Funds	\$	-
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The accompanying notes are an integral part of these financial statements.



CARTHAGE SCHOOL DISTRICT NO. 48-2  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL FUND	CAPITAL OUTLAY FUND
<b>Revenues:</b>		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 177,591	\$ 71,738
Prior Years' Ad Valorem Taxes	362	-
Gross Receipts Taxes	27,140	-
Penalties and Interest on Taxes	303	29
Earnings on Investments and Deposits	518	63
Other Revenue from Local Sources:		
Rentals	100	-
Contributions & Donations	94	-
Revenue from Intermediate Sources:		
County Sources:		
County Apportionment	959	-
Other Intermediate	510	-
Revenue from State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	4,568	-
<b>Total Revenue</b>	<b>\$ 212,145</b>	<b>\$ 71,830</b>

The accompanying notes are an integral part of these financial statements.

SPECIAL EDUCATION FUND		TOTAL GOVERNMENTAL FUNDS	
		<hr/>	
\$	-	\$	249,329
	36		398
	-		27,140
	8		340
	989		1,570
	-		100
	-		94
	-		959
	-		510
	-		4,568
<hr/>		<hr/>	
\$	1,033	\$	285,008
<hr/>		<hr/>	

CARTHAGE SCHOOL DISTRICT NO. 48-2  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL FUND	CAPITAL OUTLAY FUND
<b>Expenditures:</b>		
Instruction:		
Special Programs:		
Programs for Special Education	\$ -	\$ -
Other Special Programs	69,634	-
Support Services:		
Support Services - General Administration:		
Board of Education	17,310	-
Executive Administration	5,738	-
Support Services - Business:		
Fiscal Services	15,440	-
Facilities Acquisition & Construction	-	27,225
Operation and Maintenance of Plant	22,256	2,194
Pupil Transportation	19,965	-
Total Expenditures	150,343	29,419
Excess of Revenue Over (Under) Expenditures	61,802	42,411
<b>Other Financing Sources (Uses):</b>		
Transfer In	1,052	
Transfers Out	-	(63)
Special Items	(155,831)	(7,731)
Total Other Financing Sources (Uses)	(154,779)	(7,794)
Net Change in Fund Balances	(92,977)	34,617
Fund Balance - Beginning	92,977	(34,617)
Fund Balance - Ending	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

SPECIAL EDUCATION FUND		TOTAL GOVERNMENTAL FUNDS	
\$	5,051	\$	5,051
	-		69,634
	-		17,310
	-		5,738
	-		15,440
	-		27,225
	-		24,450
	-		19,965
	5,051		184,813
	(4,018)		100,195
	-		1,052
	(989)		(1,052)
	(148,225)		(311,787)
	(149,214)		(311,787)
	(153,232)		(211,592)
	153,232		211,592
\$	-	\$	-

**CARTHAGE SCHOOL DISTRICT NO. 48-2**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Total net change in fund balances - governmental funds \$ (211,592)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Capital Outlays	-	
Depreciation Expense	(1,422)	
Net	<u>(1,422)</u>	(1,422)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities. The amount reported is the change in deferred tax revenues from last year.

Taxes Receivable - Current	-	
Taxes Collected:		
July - December, 2008	<u>(87,995)</u>	<u>(87,995)</u>

The school dissolved as of the end of FY09 and gifted all their capital assets to the City of Carthage. This is a reduction in their net assets as of the end of FY09.

(15,540)

Change in net assets of governmental activities

\$ (316,549)

The accompanying notes are an integral part of these financial statements.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	
Primary Government:			
Governmental Activities:			
Instruction	\$ 100,771	\$	-
Support Services	145,921		-
Total Governmental Activities	246,692		-
Total Primary Government	\$ 246,692	\$	-

The accompanying notes are an integral part of these financial statements.

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

PROGRAM REVENUES		MARY GOVERNMENT
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
\$ -	\$ -	\$ (100,771)
373	-	(145,548)
373	-	(246,319)
\$ 373	\$ -	\$ (246,319)

GENERAL REVENUES:

Taxes:	
Property Taxes	\$ 192,774
Gross Receipts Taxes	27,162
Revenue from State Sources:	
State Aid	3,961
Unrestricted Investment Earnings	7,951
Other General Revenues	1,572
Special Items	(65,000)
Total General Revenues and Special Items	168,420
Change in Net Assets	(77,899)
Net Assets-Beginning	394,448
Net Assets-Ending	\$ 316,549

CARTHAGE SCHOOL DISTRICT NO. 48-2  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL FUND	CAPITAL OUTLAY FUND
<b>Revenues:</b>		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 187,986	\$ 8,434
Gross Receipts Taxes	27,162	-
Penalties and Interest on Taxes	196	-
Earnings on Investments and Deposits	2,067	159
Food Service		
Other Sales	60	-
Other Revenue from Local Sources:		
Rentals	400	-
Other	99	-
Revenue from Intermediate Sources:		
County Sources:		
County Apportionment	776	-
Other Intermediate	237	-
Revenue from State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	3,961	-
Revenue from Federal Sources:		
Other Federal Revenue	-	-
<b>Total Revenue</b>	<b>\$ 222,944</b>	<b>\$ 8,593</b>

The accompanying notes are an integral part of these financial statements.



SPECIAL EDUCATION FUND		TOTAL GOVERNMENTAL FUNDS	
<hr/>		<hr/>	
\$	28,511	\$	224,931
	-		27,162
	204		400
	5,725		7,951
	-		60
	-		400
	-		99
	-		776
	-		237
	-		3,961
	373		373
<hr/>		<hr/>	
\$	34,813	\$	266,350
<hr/>		<hr/>	

CARTHAGE SCHOOL DISTRICT NO. 48-2  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL FUND	CAPITAL OUTLAY FUND
<b>Expenditures:</b>		
Instruction:		
Regular Programs:		
Elementary	\$ 1,792	\$ -
Special Programs:		
Programs for Special Education	-	-
Other Special Programs	64,989	-
Support Services:		
Support Services - General Administration:		
Board of Education	11,003	-
Executive Administration	5,797	-
Support Services - Business:		
Fiscal Services	17,151	-
Facilities Acquisition and Construction	-	53,470
Operation and Maintenance of Plant	30,036	10,608
Pupil Transportation	17,621	-
Total Expenditures	148,389	64,078
Excess of Revenue Over (Under) Expenditures	74,555	(55,485)
<b>Other Financing Sources (Uses):</b>		
Transfer In	5,884	-
Transfers Out	-	(159)
Special Items	(65,000)	
Total Other Financing Sources (Uses)	(59,116)	(159)
Net Change in Fund Balances	15,439	(55,644)
Fund Balance - Beginning	77,538	21,027
Fund Balance - Ending	\$ 92,977	\$ (34,617)

The accompanying notes are an integral part of these financial statements.

SPECIAL EDUCATION FUND		TOTAL GOVERNMENTAL FUNDS	
\$	-	\$	1,792
	32,803		32,803
	-		64,989
	-		11,003
	-		5,797
	-		17,151
	-		53,470
	-		40,644
	-		17,621
	32,803		245,270
	2,010		21,080
	-		5,884
	(5,725)		(5,884)
			(65,000)
	(5,725)		(65,000)
	(3,715)		(43,920)
	156,947		255,512
\$	153,232	\$	211,592

**CARTHAGE SCHOOL DISTRICT NO. 48-2**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Total net change in fund balances - governmental funds	<b>\$ (43,920)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Capital Outlays	-	
Depreciation Expense	(1,422)	
Net	(1,422)	(1,422)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities. The amount reported is the change in deferred tax revenues from last year.

Taxes Receivable - Current	86,048	
Taxes Collected:		
July - December, 2007	(118,605)	
	(32,557)	(32,557)

Change in net assets of governmental activities	<b><u>\$ (77,899)</u></b>
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The accompanying notes are an integral part of these financial statements.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The School District was dissolved (see Note 7) as of the balance sheet date. The following policies were in effect until June 30, 2009.

a. Financial Reporting Entity:

The reporting entity of Carthage School District No. 48-2, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on the organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District has no component units.

The accounting policies of the School District conform to generally accepted accounting principles as applicable to government entities in the United States of America.

b. Basis of Presentation:

**Government-Wide Financial Statements:** The Statement of Net Assets and the Statement of Activities display information about the reporting entity as a whole. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The school did not have any business activities in fiscal years 2008 and 2009.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

The Statement of Net Assets reports all financial and capital resources, in a net assets form (assets minus liabilities equal net assets).

Net assets are displayed in three components, as applicable, invested in capital assets, net of related debt, restricted (distinguishing between major categories of restrictions), and unrestricted. Due to the liquidation of the school, the School District did not have any net assets as of the end of fiscal year 2009.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into one major categories which is governmental. During the two-year audit period ending June 30, 2009, the school did not have proprietary or fiduciary funds. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

3. Management has elected to classify one or more governmental funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

**Governmental Funds:**

General Fund - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the school district, excluding the capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Outlay Fund: A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

Special Education Fund: A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance that reside within the School District. This fund is financed by grants and property taxes. This is a major fund.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

The governing board and voters of the Carthage School District approved a plan of liquidation effective June 30, 2009. As a result, the Carthage School District changed its basis of accounting from going-concern basis to a liquidation basis.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

c. Measurement Focus and Basis of Accounting: (cont'd)

**Measurement Focus:**

**Government-Wide Financial Statements:** In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

**Fund Financial Statements:** In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds.

**Basis of Accounting:**

**Government-Wide Financial Statements:** In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

**Fund Financial Statements:** All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Carthage School District 48-2, the length of that cycle is sixty days.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.



CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

d. Interfund Eliminations and Reclassifications:

**Government-Wide Financial Statements:** In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental activities columns.

**Fund Financial Statements:** Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "due from" asset accounts) are considered "available spendable resources."

e. Inventory:

In the government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No inventories were on hand at June 30, 2009.

f. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

f. Capital Assets: (cont'd)

**Government-Wide Financial Statements:** All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair value on the date donated.

Interest costs incurred during construction of general capital assets are not capitalized along with other capital asset costs.

No capital assets were on hand as of June 30, 2009.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Assets. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ --	--	--
Land Improvements	\$ 5,000	Straight-line	15-25 years
Buildings	\$ 5,000	Straight-line	10-50 years
Machinery & Equipment	\$ 5,000	Straight-line	3-10 years

Land, an inexhaustible capital asset, is not depreciated.

**Fund Financial Statements:** In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition.

g. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The School District had no long-term liabilities as of June 30, 2009.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

h. Program Revenues:

In the government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the School District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services - These arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions - These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions - These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Accumulated Unpaid Vacation and Sick Leave:

Annual leave is earned by the employees at the rate of two days per year. Upon termination, employees are not entitled to receive compensation for their accrued annual leave balance.

Sick leave is earned by the employees at the rate of ten days per year. Upon termination, employees are not entitled to receive compensation for their accrued annual leave balance.

j. Deferred Revenue:

Under the modified accrual basis of accounting, receivables, such as taxes receivable, may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met. The School District had no deferred revenue as of June 30, 2009.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

k. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. The School District had no cash and cash equivalents as of June 30, 2009.

l. Equity Classifications:

**Government-Wide Financial Statements:** Equity is classified as net assets and is displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Fund Financial Statements:** Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components.

The School District had no equity as of June 30, 2009.

m. Application of Net Assets:

It is the School District's policy to first use restricted net assets, prior to the use of unrestricted net assets, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

n. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. PROPERTY TAX:

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable, which is intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

3. CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets for the two fiscal years ending June 30, 2009 is as follows:

Primary Government:

	Balance 7/01/07	Increases	Decreases	Balance 6/30/09
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3	\$ --	\$ 3	\$ --
Capital assets, being depreciated:				
Building	84,325	--	84,325	--
Improvements other than Buildings	26,226	--	26,226	--
Machinery and Equipment	37,591	--	37,591	--
Totals	<u>148,142</u>	<u>--</u>	<u>148,142</u>	<u>--</u>
Less accumulated depreciation for:				
Buildings	84,325	--	84,325	--
Improvements other than buildings	7,845	2,844	10,689	--
Machinery and Equipment	37,591	--	37,591	--
Total accumulated Depreciation	<u>129,761</u>	<u>2,844</u>	<u>132,605</u>	<u>--</u>
Total capital assets, being depreciated, net	<u>18,381</u>	<u>(2,844)</u>	<u>15,537</u>	<u>--</u>
Governmental activity capital assets, net	<u>\$ 18,384</u>	<u>\$ (2,844)</u>	<u>\$ 15,540</u>	<u>\$ --</u>

Depreciation expense for FY08  
and FY09 combined was charged  
to functions as follows:

Governmental activities:

Instruction	\$ 2,373
Support Services	471
Total depreciation expense-governmental activities	<u>\$ 2,844</u>

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

4. INTERFUND ACTIVITY:

Transfers to/from other funds at June 30, 2008, consist of the following:

Transfers from the other governmental funds to the General Fund for income earned on deposits of \$5,884.

Transfers to/from other funds at June 30, 2009, consist of the following:

Transfers from the other governmental funds to the General Fund for income earned on deposits of \$1,052.

5. RETIREMENT PLAN:

All employees, except for non-contracted staff, participate in the South Dakota Retirement System, (SDRS) a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098, or by calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ended June 30, 2009, 2008, and 2007 were \$1,657, \$2,223, and \$5,007, respectively, equal to the required contributions each year.

6. RISK MANAGEMENT:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2009, the School District managed its risks as follows:

Employee Health Insurance

The school district does not offer their employees health insurance coverage.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

6. RISK MANAGEMENT: (CONT'D)

Liability Insurance

The School District purchases all of the school's liability insurance from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Workmen's Compensation

The School District purchases liability insurance for workmen's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

No claims were paid for unemployment for the years ended June 30, 2008 and June 30, 2009. At June 30, 2009, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

7. LIQUIDATION:

During FY08, the School District gifted the City of Carthage \$65,000. This gift was reported as a Special Item on the financial statements.

Due to state legislation, the School Board passed a resolution on November 19, 2008 to dissolve the School District effective as of midnight June 30, 2009. A special election was held on January 27<sup>th</sup> and the dissolution plan was approved by the voters in the school district. The taxable property in the current school district was annexed into four neighboring school districts and the related second half 2008 taxes payable in 2009 followed the taxed land area to the respective annexing school districts. The School District also dispersed the remainder of their cash net assets in the General, Capital Outlay, and Special Education funds in the combined amount of \$231,787 to the Miner County Commission to be utilized to liquidate the district before final dispersal to the neighboring districts. Furthermore the School Board agreed to gift the remaining capital assets in the net amount of \$15,540 and also gift \$80,000 to the City of Carthage. The dispersal to the Miner County Commission and gifts to the City of Carthage were reported as Special Items on the financial statements.



## REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION  
 CARTHAGE SCHOOL DISTRICT NO. 48-2  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND - BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
<b>Revenues:</b>		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 180,000	\$ 180,000
Prior Years' Ad Valorem Taxes	1,000	1,000
Tax Deed Revenue	10	10
Gross Receipts Taxes	8,000	8,000
Penalties and Interest on Taxes	500	500
Earnings on Investments and Deposits	4,000	4,000
Food Service		
Other Sales	3,800	3,800
Other Revenue from Local Sources:		
Rentals	100	100
Contributions & Donations	10	10
Sale and Loss of Capital Assets	10	10
Refund of Prior Year's Expenditures	10	10
Other	10	10
Revenue from Intermediate Sources:		
County Sources:		
County Apportionment	1,000	1,000
Other Intermediate	-	-
Revenue from State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	2,300	2,300
Other State Revenue	500	500
Revenue from Federal Sources:		
Other Federal Revenue	700	700
<b>Total Revenue</b>	<b>201,950</b>	<b>201,950</b>

ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
-------------------------------------	---

\$	177,591	\$	(2,409)
	362		(638)
	-		(10)
	27,140		19,140
	303		(197)
	518		(3,482)
	-		(3,800)
	100		-
	94		84
	-		(10)
	-		(10)
	-		(10)
	959		(41)
	510		510
	4,568		2,268
	-		(500)
	-		(700)
	212,145		10,195

REQUIRED SUPPLEMENTARY INFORMATION  
 CARTHAGE SCHOOL DISTRICT NO. 48-2  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND - BUDGETARY BASIS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
<b>Expenditures:</b>		
Instruction:		
Regular Programs:		
Elementary	16,700	16,700
Special Programs:		
Educationally Deprived	100,000	100,000
Support Services:		
Support Services - General Administration:		
Board of Education	12,900	12,900
Executive Administration	8,200	8,200
Support Services - Business:		
Fiscal Services	40,300	40,300
Operation and Maintenance of Plant	30,700	30,700
Pupil Transportation	18,550	18,550
Contingencies	5,000	5,000
Amount Transferred (Enter as Negative)	-	-
Total Expenditures	232,350	232,350
Excess of Revenue Over (Under) Expenditures	(30,400)	(30,400)
<b>Other Financing Sources (Uses):</b>		
Transfers In	-	-
Special Items	-	-
Total Other Financing Sources (Uses)	-	-
Net Change in Fund Balances	(30,400)	(30,400)
Fund Balance - Beginning	92,977	92,977
Fund Balance - Ending	\$ 62,577	\$ 62,577

ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
-	16,700
69,634	30,366
17,310	(4,410)
5,738	2,462
15,440	24,860
22,256	8,444
19,965	(1,415)
-	5,000
150,343	82,007
61,802	92,202
1,052	1,052
(155,831)	(155,831)
(154,779)	(154,779)
(92,977)	(62,577)
92,977	-
\$ -	\$ (62,577)

REQUIRED SUPPLEMENTARY INFORMATION  
 CARTHAGE SCHOOL DISTRICT NO. 48-2  
 BUDGETARY COMPARISON SCHEDULE  
 CAPITAL OUTLAY FUND - BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
<b>Revenues:</b>		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 60,000	\$ 60,000
Prior Years' Ad Valorem Taxes	50	50
Penalties and Interest on Taxes	50	50
Earnings on Investments and Deposits	-	-
Other Revenue from Local Sources:		
Other	10	10
Revenue from Intermediate Sources:		
Other	10	10
Revenue from State Sources:	10	10
Other State		
Total Revenue	130	130
<b>Expenditures:</b>		
Support Services - Business:		
Facilities Acquisition & Construction	40,000	40,000
Operation and Maintenance of Plant	20,000	20,000
Pupil Transportation	130	130
Total Expenditures	60,130	60,130
Excess of Revenue Over (Under) Expenditures	(60,000)	(60,000)
<b>Other Financing Sources (Uses):</b>		
Transfer Out	-	-
Special Items	-	-
Total Other Financing Sources (Uses)	-	-
Net Change in Fund Balances	(60,000)	(60,000)
Fund Balance - Beginning	(34,617)	(34,617)
Fund Balance - Ending	\$ (94,617)	\$ (94,617)

ACTUAL AMOUNTS (BUDGETARY BASIS)		VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	
-------------------------------------	--	--	--

\$	71,738.00	\$	11,738.00
	-		(50)
	29		(21)
	63		63
	-		(10)
	-		(10)
	-		(10)
	71,830		(38)
	27,225		12,775
	2,194		17,806
	-		130
	29,419		30,711
	42,411		30,673
	(63)		(63)
	(7,731)		(7,731)
	(7,794)		(7,794)
	34,617		22,879
	(34,617)		-
\$	-	\$	22,879

REQUIRED SUPPLEMENTARY INFORMATION  
 CARTHAGE SCHOOL DISTRICT NO. 48-2  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL EDUCATION FUND - BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
<b>Revenues:</b>		
Revenue from Local Sources:		
Taxes:		
Prior Years' Ad Valorem Taxes	\$ 100	\$ 100
Penalties and Interest on Taxes	100	100
Earnings on Investments and Deposits	-	-
Other Revenue From Local Sources:		
Other	10	10
<b>Total Revenue</b>	<b>210</b>	<b>210</b>
<b>Expenditures:</b>		
Instruction:		
Special Programs:		
Programs for Special Education	12,200	12,200
Support Services:		
Pupils:		
Psychological	5,000	5,000
Speech Pathology	2,400	2,400
Student Therapy Services	300	300
Special Education:		
Other Special Education Costs	45,310	45,310
<b>Total Expenditures</b>	<b>65,210</b>	<b>65,210</b>
<b>Excess of Revenue Over ( Under) Expenditures</b>	<b>(65,000)</b>	<b>(65,000)</b>
<b>Other Financing Sources (Uses):</b>		
Transfer Out	-	-
Special Items	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(65,000)</b>	<b>(65,000)</b>
<b>Fund Balance - Beginning</b>	<b>153,232</b>	<b>153,232</b>
<b>Fund Balance - Ending</b>	<b>\$ 88,232</b>	<b>\$ 88,232</b>



ACTUAL AMOUNTS (BUDGETARY BASIS)		VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	
\$	36	\$	(64)
	8		(92)
	989		989
	-		(10)
	1,033		823
	5,051		7,149
	-		5,000
	-		2,400
	-		300
	-		45,310
	5,051		60,159
	(4,018)		60,982
	(989)		(989)
	(148,225)		(148,225)
	(149,214)		(149,214)
	(153,232)		(88,232)
	153,232		-
\$	-	\$	(88,232)

REQUIRED SUPPLEMENTARY INFORMATION  
 CARTHAGE SCHOOL DISTRICT NO. 48-2  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND - BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
<b>Revenues:</b>		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 142,500	\$ 142,500
Prior Years' Ad Valorem Taxes	1,000	1,000
Tax Deed Revenue	10	10
Gross Receipts Taxes	8,000	8,000
Penalties and Interest on Taxes	500	500
Earnings on Investments and Deposits	4,000	4,000
Food Service		
Other Sales	3,800	3,800
Other Revenue from Local Sources:		
Rentals	100	100
Donations	10	10
Sale and Loss of Capital Assets	10	10
Refund of Prior Year's Expenditures	10	10
Other	10	10
Revenue from Intermediate Sources:		
County Sources:		
County Apportionment	1,000	1,000
Other Intermediate	10	10
Revenue from State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	2,300	2,300
Other State Revenue	500	500
Revenue from Federal Sources:		
Other Federal Revenue	700	700
<b>Total Revenue</b>	<b>164,460</b>	<b>164,460</b>

ACTUAL AMOUNTS		VARIANCE WITH	
(BUDGETARY BASIS)		FINAL BUDGET-	
		POSITIVE (NEGATIVE)	

\$	187,986	\$	45,486
	-		(1,000)
	-		(10)
	27,162		19,162
	196		(304)
	2,067		(1,933)
	60		(3,740)
	400		300
	-		(10)
	-		(10)
	-		(10)
	99		89
	776		(224)
	237		227
	3,961		1,661
	-		(500)
	-		(700)
	222,944		58,484

REQUIRED SUPPLEMENTARY INFORMATION  
 CARTHAGE SCHOOL DISTRICT NO. 48-2  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND - BUDGETARY BASIS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
<b>Expenditures:</b>		
Instruction:		
Regular Programs:		
Elementary	95,500	95,500
Special Programs:		
Educationally Deprived	90,000	90,000
Support Services:		
Pupils:		
Health	200	200
Support Services - Instructional Staff:		
Educational Media	200	200
Support Services - General Administration:		
Board of Education	12,900	12,900
Executive Administration	8,200	8,200
Support Services - Business:		
Fiscal Services	21,300	21,300
Operation and Maintenance of Plant	29,400	29,400
Pupil Transportation	18,570	18,570
Food Services	5,800	5,800
Contingencies	5,000	5,000
Amount Transferred (Enter as Negative)		
Total Expenditures	287,070	287,070
Excess of Revenue Over (Under) Expenditures	(122,610)	(122,610)
<b>Other Financing Sources (Uses):</b>		
Transfers In	-	-
Special Items	-	-
Total Other Financing Sources (Uses)	-	-
Net Change in Fund Balances	(122,610)	(122,610)
Fund Balance - Beginning	77,538	77,538
Fund Balance - Ending	\$ (45,072)	\$ (45,072)

ACTUAL AMOUNTS (BUDGETARY BASIS)		VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	1,792	93,708
	64,989	25,011
	-	200
	-	200
	11,003	1,897
	5,797	2,403
	17,151	4,149
	30,036	(636)
	17,621	949
	-	5,800
	-	5,000
	148,389	138,681
	74,555	197,165
	5,884	5,884
	(65,000)	(65,000)
	(59,116)	(59,116)
	15,439	138,049
	77,538	-
\$	92,977	\$ 138,049

REQUIRED SUPPLEMENTARY INFORMATION  
 CARTHAGE SCHOOL DISTRICT NO. 48-2  
 BUDGETARY COMPARISON SCHEDULE  
 CAPITAL OUTLAY FUND - BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
<b>Revenues:</b>		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ -	\$ -
Prior Years' Ad Valorem Taxes	50	50
Penalties and Interest on Taxes	50	50
Earnings on Investments and Deposits		
Other Revenue from Local Sources:		
Other	10	10
Revenue From Intermediate Sources		
Other Intermediate	10	10
Revenue from State Sources:	10	10
Other State		
Total Revenue	130	130
<b>Expenditures:</b>		
Support Services - Business:		
Facilities Acquisition & Construction	20,000	20,000
Operation and Maintenance of Plant	15,130	15,130
Pupil Transportation	3,000	3,000
Total Expenditures	38,130	38,130
Excess of Revenue Over (Under) Expenditures	(38,000)	(38,000)
<b>Other Financing Sources (Uses):</b>		
Transfer Out	-	-
Total Other Financing Sources (Uses)	-	-
Net Change in Fund Balances	(38,000)	(38,000)
Fund Balance - Beginning	21,027	21,027
Fund Balance - Ending	\$ (16,973)	\$ (16,973)

ACTUAL AMOUNTS (BUDGETARY BASIS)		VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	
\$	8,434	\$	8,434
	-		(50)
	-		(50)
	159		159
	-		(10)
	-		(10)
	-		(10)
	8,593		8,463
	53,470		(33,470)
	10,608		4,522
	-		3,000
	64,078		(25,948)
	(55,485)		(17,485)
	(159)		(159)
	(159)		(159)
	(55,644)		(17,644)
	21,027		-
\$	(34,617)	\$	(17,644)

REQUIRED SUPPLEMENTARY INFORMATION  
 CARTHAGE SCHOOL DISTRICT NO. 48-2  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL EDUCATION FUND - BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
<b>Revenues:</b>		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 95,000	\$ 95,000
Prior Years' Ad Valorem Taxes	100	100
Penalties and Interest on Taxes	100	100
Earnings on Investments and Deposits	-	-
Other Revenue from Local Sources:		
Other	10	10
Revenue from State Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid	10	10
Other State Revenue	10	10
Revenue from Federal Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid Received from Federal Government Through the State	500	500
Other Federal Revenue	10	10
<b>Total Revenue</b>	<b>95,740</b>	<b>95,740</b>
<b>Expenditures:</b>		
Instruction:		
Special Programs:		
Programs for Special Education	61,600	61,600
Support Services:		
Pupils:		
Psychological	1,000	1,000
Speech Pathology	2,500	2,500
Student Therapy Services	800	800
Special Education:		
Other Special Education Costs	45,400	45,400
<b>Total Expenditures</b>	<b>111,300</b>	<b>111,300</b>
<b>Excess of Revenue Over ( Under) Expenditures</b>	<b>(15,560)</b>	<b>(15,560)</b>
<b>Other Financing Sources (Uses):</b>		
Transfer Out	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(15,560)</b>	<b>(15,560)</b>
<b>Fund Balance - Beginning</b>	<b>156,947</b>	<b>156,947</b>
<b>Fund Balance - Ending</b>	<b>\$ 141,387</b>	<b>\$ 141,387</b>



ACTUAL AMOUNTS (BUDGETARY BASIS)		VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	
-------------------------------------	--	--	--

\$	28,511	\$	(66,489)
	-		(100)
	204		104
	5,725		5,725
	-		(10)
	-		(10)
	-		(10)
	-		(500)
	373		363
	34,813		(60,927)
	32,803		28,797
	-		1,000
	-		2,500
	-		800
	-		45,400
	32,803		78,497
	2,010		17,570
	(5,725)		(5,725)
	(5,725)		(5,725)
	(3,715)		11,845
	156,947		-
\$	153,232	\$	11,845

## REQUIRED SUPPLEMENTARY INFORMATION

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2009

1. BASIS OF PRESENTATION:

The financial statements prepared in conformity with accounting principles generally accepted in the United States of America present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the budgetary Required Supplementary Information Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

2. BUDGETS AND BUDGETARY ACCOUNTING:

The School District followed these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year. The proposed budget is published for public review no later than July 15 each year. Public hearings are held to solicit taxpayer input prior to the approval of the budget. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- b. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in Item (d).
- c. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
- d. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.

CARTHAGE SCHOOL DISTRICT NO. 48-2  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2009

2. BUDGETS AND BUDGETARY ACCOUNTING: (CONT'D)

- e. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds.

No encumbrances were outstanding at June 30, 2009.

- f. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- g. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).